Referred to Reference Committee B

UTAH MEDICAL ASSOCIATION

Position Statement from the Statewide Healthcare Task Force

This position paper was developed in response to two resolutions from the UMA House of Delegates.

2004 UMA House of Delegates Resolution 6: Statewide Healthcare Task Force

RESOLVED, That the UMA create a task force to develop a policy statement on coverage for the uninsured and underinsured.

2005 UMA House of Delegates Resolution 7: Statewide Healthcare Task Force

RESOLVED, That the Utah Medical Association instruct its Statewide Healthcare Task Force to meet on a monthly basis with the intention that it provide a progress report in the April 2006 UMA Bulletin as well as a report to the 2006 House of Delegates on its charge from the 2004 House of Delegates to develop a policy statement on coverage for the uninsured and underinsured.

GUIDING STATEMENT

The Utah Medical Association believes that all people in Utah must have equitable access to needed healthcare that is affordable and of high quality.

BACKGROUND

Access to healthcare is a national and state crisis. Nationally, as many as 85 million persons are without any form of health coverage and this number has been growing annually. In Utah, more than 300,000 persons are uninsured and at least as many more are underinsured.

Many professional organizations, government entities, states and advocacy groups have called for reform of the healthcare system to address access for the uninsured. No comprehensive system of reform has yet been implemented to resolve this issue.

The employer-sponsored health coverage system is on the verge of failure. Coverage is offered to fewer and fewer individuals while those with insurance must pay a greater and greater percentage of the cost of their care. The problem of access will continue to expand without a complete overhaul of the

healthcare delivery system. Attempts to make limited alterations to the current system cannot solve the problem.

Healthcare obtained by those without coverage is frequently in the emergency department setting in a hospital. When the patient cannot afford to pay for these services, the cost is ultimately absorbed by society in the form of higher charges for services to individuals covered by private or public payers. In many places in the nation, hospitals have closed or eliminated emergency room services due to inability to recoup costs of caring for the uninsured—further reducing access to healthcare. This system of "coverage" for the uninsured is expensive, inefficient, and does not fairly distribute the expense of this healthcare. This task force recognizes that there are many challenges that are interrelated and must be solved that are outside of the scope of this task force (i.e. electronic health records, tort reform, regulatory relief, improving medical safety, etc.).

GUIDING PRINCIPLES

The UMA Healthcare Task Force believes that any proposed solution to the healthcare access crisis must embrace several key guiding principles. We advocate universal access to needed healthcare for all Utahns and a system which treats all Utahns equitably. Utah should adopt comprehensive reform of its healthcare coverage system which:

1. Equitably provides a basic package of needed healthcare to all who live in Utah.

    a. "Needed" means any healthcare interventions necessary to prolong life or relieve suffering.

        i. The precise package of services provided to all Utahns must be specifically defined as part of the reform process. This package must be compatible with our societal values and resources. Services should be evidence-based, cost-effective and include acute care, chronic disease management, preventive and catastrophic care.

    b. "Healthcare" is broader than medical care, and includes disease prevention, public health interventions, mental health care, and dental care.

c. "Provides" means that all persons have access to these services, without barriers due to financial status, culture, language or geography

d. "All" includes citizens and non-citizens living in Utah regardless of health history.

e. "Equitable" refers to being just, fair, and impartial and means that services are comparable in scope, quality, affordability and availability regardless of the geographic or social status of the individual.

2. The basic healthcare package should:

a. Provide a mandate for all persons to participate in their healthcare choices and to bear a portion of their healthcare expenses requisite with their resources.

b. Allow all Utahns to choose their desired healthcare provider.

c. Provide incentives for healthy living and responsible utilization of health services.

d. Promote obtaining high quality primary and preventive health care.

e. Be completely portable.

f. Be continuous and not result in lapsed coverage due to changes in income, employment, age or marital status.

g. Fairly distribute the cost of care for all Utahns.

i. The cost of obtaining healthcare for individuals should be similar regardless of payor and the expense to individuals should be requisite to his or her resources.

ii. All stakeholders, government, private, non-profit, not-for-profit and for-profit; insurers, government, hospitals, physicians and all citizens should share in the burden of care for the medically underserved. In order to maximize the benefits of risk sharing, no single entity should carve out the healthiest or lowest-risk patients from the risk pool.

iii. The system must strive to find the balance between maximizing which maximizes quality, and access and quality and minimizes cost. The system should encourage evidence-based care, innovation and technology which improves outcomes and lowers cost.

h. Maintain a high quality pool of medical caregivers. The medical system must be one that attracts the best students to medicine and motivates high quality, efficient, compassionate doctors to remain working in their profession and in their chosen work setting.

i. This includes solving our medical tort crisis.

ii. Legislative and governmental licensure/laws should support excellence in health care provider training rather than supporting minimal standards.

i. Provide timely care.

j. Promote efficiency and minimize administrative costs.

3. The basic healthcare package would be universal and mandatory. Additional coverage for healthcare beyond the basic package could then be purchased by groups, individuals, employers or others in a competitive marketplace. Necessary legislation must respect the professional doctor/patient relationship and minimize interference.

4. The basic healthcare package will be determined by a committee. The Members of the committee will be appointed as defined by law and will include citizens that represent the complete community dynamics, including but not limited to, patients, providers and payers and will be staffed by experts in healthcare.

FRAMEWORK FOR HEALTHCARE REFORM

The UMA Task Force does not advocate a specific model for healthcare reform, but believes that all stakeholders in the state's healthcare system should partner to create a pragmatic, achievable reform package which embodies the principles listed above.

The Task Force has made observations in several areas that may contribute to creation of a workable structure for healthcare reform.

1. The concept of insurance is an insufficient basis for comprehensive healthcare reform.

    a. The insurance model alone cannot address needed reform to the healthcare system. Insurance operates on the principle of cost diffusion through shared risk; many people pay a relatively small amount of money which then pays for expensive services ultimately used by only a small number of these people. While the concept of shared risk is useful when dealing with relatively unusual diseases or catastrophic care, it cannot function to cover primary and preventive care, care that is needed by everyone. Nor is shared risk an adequate means to provide for the management of common chronic diseases that will affect most people.

    b. Inadequate healthcare funding provides a perverse incentive for patients to avoid preventive and primary care. It is prudent to prevent illness and treat disease early. Health coverage should encourage, not discourage such care.

2. Since all persons require healthcare during the course of their lives, the cost of the healthcare system should be shared throughout society.

    a. No entity should have the luxury of profiting from the healthcare system through selecting only affluent or low-risk individuals to form a payment pool. Participants in the system must participate through the spectrum of population.

    b. The cost of healthcare for those in the lowest income levels must be shared by all in the system: insurers, government, medical providers, hospitals, on-hospital health centers, charitable organizations. No single entity should bear a disproportionate amount of this burden. Cost should be requisite to the individual's ability to pay.

    c. When government programs and tax structure are used to support the healthcare system, this support should be distributed equitably and progressively for individuals.

d. Government support or tax benefits should be structured to favor specific segments of the healthcare industry over others.

3. The uninsured and underinsured are not a static group.

   a. Many uninsured persons transition to and from this status based on employment changes, status as students, marital status, age, financial circumstances and other reasons.

   b. A comprehensive solution must provide a means for ongoing coverage despite these life changes. Episodic coverage leads to fragmented health care which results in greater long-term healthcare expenses due to lack of early care.

   c. The practice of denying coverage for pre-existing medical conditions is counterproductive and must be eliminated.

4. Healthcare is more effective when patients have some financial responsibility for the cost of the care they obtain.

   a. Services of uncertain utility are often obtained when insurance coverage is assured and the patient is shielded from their expense. Rather than fixed annual deductibles, a system of shared cost should be utilized for all services, allowing the patient to participate in the decision-making regarding their value and need. This system of shared cost should be equitable, adjusted to the means of the individual.

   b. Primary and preventive care should come at very little cost to the individual who should be strongly encouraged or given incentives to make good use of such services.

   c. Costs, quality measures, and reimbursement should be transparent, empowering patients to make decisions based on cost, risks, benefits, and quality.

   d. The cost of healthcare to the purchaser should be similar whether purchased privately or publicly, individually or as a group.

e. The cost of healthcare for those in the lowest income levels must be equitably shared by all in the system.

5. Healthcare is less expensive when patients make healthy lifestyle choices. There should be an incentive for healthy living.

    a. While many aspects of disease are not under the direct control of an individual, behaviors known to promote good health should be given incentives.

    b. Societal entities which promote behaviors which increase disease burden should be required to make extra financial contributions to the healthcare system.

6. The best solutions are simple.

    a. Complicated structures and regulations, complex utilization of the tax code, and limitations on provider choice all act as barriers to access for lower income persons.

    b. The tax benefits must go to the person or group that pays the premium.

7. Coverage must be mandatory. The basic benefit package must include cost-sharing components and must be required for all Utahns.

8. The healthcare system should benefit all. Everyone should bear some financial responsibility for the healthcare system.

References

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4. Institute of Medicine Report on the Uninsured, "Insuring America's Health: Principles and Recommendations," January, 2004.

5. Brown, L. "Comparing Health Systems in Four Countries: Lessons for the United States," American Journal of Public Health. 2003; 93:52-55.

6. Polikowski, M., Santos-Eggimann, B. "How Comprehensive are the Basic Packages of Health Services? An International Comparison of Six Health Insurance Systems." Journal of Health Services Research & Policy 7 (3), 2002: 133-142.

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8. Sheils, J., and Haught, R. "Cost and Coverage Analysis of Ten Proposals to Expand Health Insurance Coverage" Covering America: Real Remedies for the Uninsured." October, 2003, the Lewin Group.

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Recommendations from the UMA Statewide Healthcare Task Force for Further Action

A. The Task Force recommends that the House of Delegates formally adopt the Utah Medical Association's Statewide Healthcare Task Force Position Statement.

B. The Task Force recommends that UMA support the findings of the Citizens' Heath Care Working Group. The complete document will be attached as an addendum at the end of the UMA Position Statement from the Statewide Healthcare Task Force.

C. The Task Force recommends that the UMA develop a coalition with all other groups which are formulating plans for covering the uninsured. The goal will be to work with the legislature to develop a strategy for implementation that allows access to care for all Utahns in agreement with the Guiding Principles in the UMA Position Statement.

Funding Options

The Task Force discussed evaluating funding options for healthcare coverage reform but decided that the funding issue was beyond the scope of its assignment.